

**SENATE, No. 1821**

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**STATE OF NEW JERSEY**

**217th LEGISLATURE**

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INTRODUCED MARCH 7, 2016

**Sponsored by:**

**Senator BRIAN P. STACK**

**District 33 (Hudson)**

**Co-Sponsored by:**

**Senators Kyrillos and Cunningham**

**SYNOPSIS**

Establishes temporary mortgage relief programs for certain owners of real property damaged by “Superstorm Sandy.”

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 5/27/2016)**

1 AN ACT providing relief from mortgage foreclosure for owners of  
2 real property that was damaged by “Superstorm Sandy.”  
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4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*  
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7 1. a. For the purposes of P.L. , c. (pending before the  
8 Legislature as this bill):

9 “Forbearance” means a period of 36 months from the issuance of  
10 a certification of eligibility for the forbearance under this section, or  
11 no more than 60 days after a certificate of occupancy is issued for  
12 the property, if one was not issued on the effective date of P.L. , c.  
13 (pending before the Legislature as this bill), whichever is sooner,  
14 during which the payment of mortgage and interest obligations are  
15 suspended.

16 “Commissioner” means the Commissioner of Community  
17 Affairs.

18 “Department” means the Department of Community Affairs.

19 “Mortgage” means a mortgage, trust deed, or other security in  
20 the nature of a residential mortgage.

21 “Recovery and rebuilding program” means the use of funding  
22 provided by the federal government through the Reconstruction,  
23 Rehabilitation, Elevation and Mitigation (RREM) program or the  
24 Low-to-Moderate Income (LMI) Homeowner’s Rebuilding  
25 Program, which are intended to help individuals rebuild and recover  
26 from Superstorm Sandy.

27 “Residential property” means any residential property damaged  
28 by “Superstorm Sandy” and eligible for funding through a recovery  
29 and rebuilding program, including, but not limited to, single-family  
30 and manufactured homes.

31 “Superstorm Sandy” means the major storm that made landfall in  
32 New Jersey on October 29, 2012.

33 b. A homeowner eligible, as determined by the commissioner,  
34 for the receipt of funds through a recovery and rebuilding program  
35 with respect to a residential property secured by a mortgage which  
36 was damaged as a result of “Superstorm Sandy” also shall be  
37 eligible for a forbearance of mortgage and interest obligations if  
38 foreclosure proceedings have not been initiated for failure to pay  
39 mortgage obligations as of the effective date of P.L. , c. (pending  
40 before the Legislature as this bill). An eligible homeowner shall  
41 apply to the commissioner, on forms to be provided by the  
42 department, for a certification of eligibility for the forbearance  
43 under this section before the first day of the seventh month next  
44 following the enactment of P.L. , c. (pending before the  
45 Legislature as this bill). The application shall be approved or  
46 denied within 30 days of its delivery to the commissioner. If the  
47 application is not approved or denied within 30 days of its delivery,  
48 the application shall be deemed approved.

1 c. Notwithstanding the provisions of any law, rule or regulation  
2 to the contrary, the repayment period of any mortgage subject to the  
3 forbearance established in subsection b. of this section shall be  
4 extended by the number of months the forbearance is in effect.  
5 During the time of the forbearance and during the period  
6 constituting an extension of the mortgage, the interest rate shall be  
7 the same rate as agreed upon in the original mortgage, and there  
8 shall be no fees assessed for the forbearance, or penalty for early  
9 repayment.

10 d. An owner of residential property damaged as a result of  
11 “Superstorm Sandy” who is eligible for the receipt of funds through  
12 a recovery and rebuilding program and is the subject of a  
13 foreclosure proceeding as of the effective date of P.L. , c.  
14 (pending before the Legislature as this bill) shall , upon good cause  
15 shown, be awarded, by the court and upon application by the  
16 property owner, a stay in the foreclosure proceedings for 36 months  
17 from the date the court grants the application, or the first day of the  
18 third month next following the issuance of a certificate of  
19 occupancy for the residential property, whichever is sooner. An  
20 application to the court by a property owner under this section shall  
21 be made before the first day of the fifth month next following the  
22 effective date of P.L. , c. (pending before the Legislature as this  
23 bill).

24 e. The commissioner shall notify the owner of each residential  
25 property which has been determined to be eligible for the receipt of  
26 funds under a recovery and rebuilding program of the eligibility for  
27 a forbearance or stay of foreclosure proceedings prior to the first  
28 day of the second month next following enactment of P.L. , c.  
29 (pending before the Legislature as this bill).

30 f. The State shall reimburse a mortgagee up to 50 percent of  
31 18-months worth of mortgage and interest payments on a residential  
32 property if that mortgagee is unable to recover at least that amount,  
33 through foreclosure and sale or by mortgage payments, after the end  
34 of the forbearance established pursuant to this section or a stay of  
35 proceedings granted pursuant to this section.

36 g. Any homeowner awarded a stay of foreclosure proceedings  
37 or forbearance under this section shall be responsible for the  
38 maintenance of the property during the stay or period of  
39 forbearance.

40 h. A stay of foreclosure proceedings or forbearance awarded  
41 under this section shall cease immediately if, after providing the  
42 homeowner an opportunity to be heard, a court determines that the  
43 subject residential property has been abandoned by the homeowner  
44 who was determined to be eligible for the receipt of funds through a  
45 recovery and rebuilding program.

46 i. Nothing in this section shall be construed as limiting the  
47 ability of a mortgagee and residential property owner to participate  
48 in a mediation sponsored by the Administrative Offices of the Court

1 in accordance with the requirements of the mediation program.  
2 Nothing in this section shall be construed to impact property tax  
3 and insurance obligations of a property owner related to any real  
4 property in the State.

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6 2. This act shall take effect immediately and shall expire on the  
7 first day of the 37th month next following enactment.

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10 STATEMENT

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12 This bill would delay the possible foreclosure of certain property  
13 that was damaged by “Superstorm Sandy.” Under the bill, a  
14 homeowner who is eligible for the receipt of funds through the  
15 Reconstruction Rehabilitation, Elevation, and Mitigation (RREM)  
16 program or the Low- to Moderate-Income (LMI) Homeowner's  
17 Rebuilding Program, as a victim of “Superstorm Sandy,” but who  
18 has not yet received those funds, would be eligible for a stay of  
19 foreclosure proceedings, or a forbearance period, during which time  
20 mortgage and interest payments would be deferred. With respect to  
21 “Superstorm Sandy” victim homeowners who are not in foreclosure,  
22 the substitute authorizes the homeowner to apply to the  
23 Commissioner of Community Affairs for a certificate of eligibility  
24 for mortgage forbearance. During the forbearance period, a  
25 homeowner would not have to make mortgage payments. The term  
26 of the mortgage shall automatically extend, under the same terms,  
27 for the number of months the mortgage is in forbearance. This  
28 forbearance would be in place for a period of 36 months from the  
29 issuance of the certification of eligibility for the forbearance by the  
30 commissioner, or no more than 60 days after a certificate of  
31 occupancy is issued for the property, whichever is sooner.

32 Under the bill, a “Superstorm Sandy” victim homeowner who is  
33 currently in foreclosure litigation and eligible to receive RREM or  
34 LMI funds could apply to the court for a stay of proceedings. The  
35 stay would be in place for 36 months, or 60 days after the issuance  
36 of a certificate of occupancy for the property damaged by the storm,  
37 whichever is sooner.